

**Response of Virginia Electric and Power Company (“Dominion” or “the Company”) to letter dated June 22, 2005 from W. Timothy Lough, Ph.D., P.E., concerning the study directed by SB 783.**

**Preface**

Dominion recognizes that the design and siting of proposed transmission lines is a matter of great interest to local governments and to consumers, not just in affected localities but across the Commonwealth. A strong transmission system is essential to ensuring that homes, businesses and government facilities have access to reliable power supplies.

Before filing an application for a new transmission line with the Commission, Dominion carefully develops a proposal that will, in our judgment, best fulfill requirements for reliability, operability and cost-effectiveness. In the overwhelming majority of cases, overhead placement instead of underground installation best meets these criteria.

The experience of the electric utility industry clearly indicates that underground placement, while avoiding certain problems such as tree contact, presents its own concerns regarding reliability, operability, cost and impacts. Underground facilities are susceptible to damage and dig-ins by heavy equipment. It is more difficult and time-consuming to diagnose problems in such facilities, since faults frequently cannot be located visually. On average, repairs to underground lines are much more time-consuming. Underground placement also presents operational problems, including voltage issues that may necessitate operating restrictions. The total cost of an underground transmission project is, on average, 8 to 10 times more expensive than a comparable overhead project. Widespread underground placement could also impose significant and unnecessary financial burdens on customers in the future. Finally, it must be noted that underground placement has environmental consequences, including widespread trenching and passage through ecologically sensitive areas.

In short, the Company does build underground transmission power lines, but in the overwhelming majority of cases, has concluded that overhead placement is the best option. Currently, only about 48 miles of the Company’s 6,100-mile transmission system is located underground. Most of that underground mileage is in areas with no other options, such as high-density sections of Northern Virginia or shipping lanes in Hampton Roads.

We also note that the issue of underground placement is not a new one for the Commission. In fact, the Commission has considered underground placement of transmission lines in numerous cases and has approved it in some instances but rejected it in others, based on application of the existing statutory criteria to the facts in each case. *See Application of Virginia Electric and Power Company*, Case No. PUE-2004-00139, Order issued June 10, 2005 (approving underground placement); *Application of Virginia Electric and Power Company*, Case No. PUE-2002-00702, Final Order issued October 8, 2004 (considering but rejecting underground placement proposal); *Application of Virginia Electric and Power Company*, Case No. PUE-2001-00154, 2002 S.C.C. Ann.

Rpt. 398 (considering but rejecting underground placement); *Petition of Virginia Electric and Power Company*, Case No. PUE-2002-00180, 2002 S.C.C. Ann. Rpt. 531 (approving underground placement); *Application of Virginia Electric and Power Company*, Case No. PUE950134, 1996 S.C.C. Ann. Rpt. 295 (approving underground placement); *Application of Virginia Electric and Power Company*, 1990 S.C.C. Ann. Rpt. 269 (considering but rejecting underground placement); *Application of Virginia Electric and Power Company*, Case No. PUE830036, 1983 S.C.C. Ann. Rpt. 496 (approving underground placement); *Application of Virginia Electric and Power Company*, Case No. PUE880063, 1989 S.C.C. Ann. Rpt. 260 (approving underground placement); *Application of Virginia Electric and Power Company*, Case No. PUE830059, 1984 S.C.C. Ann. Rpt. 429 (approving underground placement); *Application of Virginia Electric and Power Company*, Case No. PUE820075, 1983 S.C.C. Ann. Rpt. 396 (approving underground placement); *Application of Virginia Electric and Power Company*, Case No. PUE860035, 1987 S.C.C. Ann. Rpt. 257 (considering but rejecting underground placement); *Application of Virginia Electric and Power Company*, Case No. PUE880079, 1989 S.C.C. Ann. Rpt. 267 (approving underground placement).

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#### **Question No. 1:**

Should a locality requesting the SCC's consideration of an underground transmission line alternative be required to participate as a formal party to the proceeding in which it proposes such an alternative, i.e., should it be required to be a Respondent pursuant to Rule 80 of the Commission's Rules (5 VAC-20-80)?<sup>1</sup> Explain.

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<sup>1</sup> Status as a Respondent would, for example, subject a locality to discovery under Rule 250 (5 VAC 5-20-250) and Rule 260 (5 VAC 5-20-260) of the Commission's Rules of Practice and Procedure. Additionally, a locality appearing as a Respondent in a proceeding would likely be required to appear by counsel pursuant to the provisions of Rule 30 (5 VAC 5-20-30) of the Commission's Rules.

#### **Response:**

Regardless of whether or not the amendments suggested in SB 783 are adopted, a locality proposing an underground alternative to an applicant's proposal should fully participate as a formal party in the regulatory process and explain its justification for the underground scenario. The status of a locality making such an alternative proposal should be the same as that of any other respondent in the proceeding.

Rule 5 VAC 5-20-80 B. provides that "A notice of participation as a respondent is the proper initial response to an application. A notice of participation shall be filed within the time prescribed by the commission and shall contain: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any person or entity filing a notice of participation as a respondent shall be a party to that proceeding."

A locality's participation as a formal party will assist the Commission in evaluating the underground proposal. First, such participation ensures the locality will present its rationale in a timely manner. Second, the locality's participation as a formal party will enable the Commission to establish a complete record for its consideration. This record will include all information the locality submits as justification for its proposal. Such information used to justify the proposal could be significant to the Commission in its evaluation of the advantages and disadvantages of the alternative.

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**Question No. 2:**

Should any locality requesting the SCC's consideration of an underground transmission line alternative be obligated to develop and submit to the SCC a proposal detailing that alternative, providing evidentiary support for that proposal, and having the burden of proof therefore? If not, why not.

**Response:**

Petitioning localities should be required to develop their own alternatives for underground placement. This would include appropriate evidentiary support, including testimony from expert witnesses. The applicant should not be required to develop an underground alternative simply because a locality suggests such an alternative be considered. This would place the applicant in the awkward position of submitting an alternative that it does not believe is the best electrical solution for the situation.

If the locality and the applicant have reached agreement on an underground route as contemplated in Chapter 854 of the Virginia Acts of Assembly (HB 2878), then the applicant should provide the cost and operability data.

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**Question No. 3:**

Should a locality requesting the SCC's consideration of an underground transmission line alternative be obligated to propose such an alternative not later than a date corresponding to a specific procedural milestone established in the docket's scheduling order?<sup>2</sup> If so, which procedural milestone? If not, why not?

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<sup>2</sup>As an example, § 56-259 D of the Code presently requires localities to request the SCC's consideration of joint use of right of way by the date that public comments on a electric transmission line application are to be filed.

**Response:**

Localities as well as individuals participating as Respondents should be obligated to propose any alternative route proposals (overhead or underground) not later than the date set by the Commission for all Respondents in the case to provide Direct Testimony. The SCC's procedural order in a case sets the deadlines for Direct Testimony submissions by the Applicant, any Respondents, and the SCC Staff.

Meeting this deadline should not pose an undue burden on the localities, since Dominion routinely meets with local planning commissions, governing bodies and the general public prior to filing any significant transmission line project. This provides ample time and opportunity for formulating underground options.

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**Question No. 4:**

Should the applicant utility, itself, have the obligation to develop an underground transmission line alternative if such an alternative's consideration by the SCC is requested by a locality? If so, what should be the locality's role in that alternative's development, if any? Additionally, should the cost of such an alternative's development be borne entirely by the applicant utility? If not, why not.

**Response:**

Under no circumstances should a utility be required to develop an underground transmission line alternative solely because a locality asks the Commission to consider such an option. The utility, as the applicant for the project, should present to the SCC the overhead or underground alternative that in its judgment best meets the company's engineering and reliability concerns and reasonably minimizes environmental impact in a cost-effective manner. In doing so the Commission and the public derive the full benefit of the utility's expertise in planning, engineering, route selection and construction in determining the most appropriate routing and installation options. Additional requirements would be burdensome and unnecessary.

If a locality feels that a particular line application should be underground, the locality then has the opportunity to participate in the case and argue for that solution. This is the case under existing rules, as well as in the rules proposed by Senate Bill 783.

The locality or individual advocating the underground alternative should bear the cost of developing the proposal just as they presently bear the cost of developing an alternative overhead proposal. Requiring an applicant to develop a proposal in opposition to its best professional judgment runs counter to the basic premise of the administrative process, in which an applicant presents and defends a position that it truly advocates. The process as

it exists today works well. It allows every party, including applicants and localities, to present and strongly defend their own best solution. The Commission then considers the merits of each proposal and makes an informed decision.

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**Question No. 5:**

Are there any additional procedural or evidentiary issues that the Commission should consider as part of this study? If so, please elaborate.

**Response:**

Regardless of whether these amendments become law, we recommend that the locality making the undergrounding proposal be a party to the proceeding, develop and provide support for the proposal, bear the burden of proof, and bear the cost thereof. Our recommendations on these points are contained in the responses to questions 1 through 4.